



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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Second District

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Third District

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Fifth District

June 12, 2006

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Conference Committee Update

On Saturday, June 10, 2006, the Budget Conference Committee met and closed out its remaining open issues. The timing of the Conference Committee's actions to close is consistent with legislative intent to pass the budget by Thursday, June 15, 2006.

While the Conference Committee's hearings have been completed, there remains some work to be done on trailer bills before the entire budget package is brought up before the Senate and Assembly floors. In addition, it is anticipated that discussions will occur between the Legislative leadership and the Administration to make final adjustments in the budget and trailer bills to minimize the number and amount of gubernatorial reductions through the "blue pencil process."

Assembly and Senate Republican leaders and the Governor are expected to make another attempt to include their priorities during upcoming Big 5 meetings. These priorities could include \$42.6 million in additional funding for the COPS/Juvenile Justice Crime Prevention programs, \$10.1 million for the Vertical Prosecution Program, and \$40 million for booking fees/detention facilities.

Notable Committee actions include:

CalWORKs

Eligibility: Appropriated \$67 million and deleted current language freezing the child care income eligibility ceiling to restore the 75 percent of State Median Income limit. Adopted Trailer Bill Language that would limit fees to 10 percent of family income.

Funding: Adopted intent language to provide full funding of CalWORKs Stage 3 Child Care through a trailer bill.

TANF Reauthorization: Adopted a package which proposes a balanced approach to implementing the TANF Reauthorization provisions of the recently passed Federal Deficit Reduction Act. Without this package, the State and counties face significant Federal penalties starting in FY 2008-09 due to increased work participation requirements in FY 2006-07. The penalties are estimated to be at least \$180 million in FY 2008-09 and potentially increase to \$487 million by FY 2010-11.

The package attempts to ensure that counties can make improvements aimed at increasing participation rates, maintain the CalWORKs base program at the FY 2005-06 spending levels, and add funds for improvement initiatives. Counties will be allowed to use these funds to implement strategies to improve participation through employment services, engagement, and case management of CalWORKs participants. County accountability for the use of these funds is further strengthened by a new planning requirement that ties activities to outcome improvement, maintenance of the Pay for Performance Program, and quarterly publication of county outcome data.

Child Support

Child Support Administration: Appropriated \$12 million in additional Child Support collection enhancement activities.

General Government

Arts and Music Funding: Appropriated \$75 million in ongoing Proposition 98 funding dedicated to arts and music programs in K-12 schools.

High Risk Pest Exclusion Program: Appropriated \$3 million for the High Risk Pest Exclusion Program which supports county Agricultural Commissioner activities.

Health

Expanded Eligibility for Healthy Families: Extends eligibility for the Healthy Families Program up to the 275 percent of the Federal poverty level effective July 1, 2007, and

up to 300 percent effective July 1, 2008. The expanded program would be inoperative if the Tobacco Tax Act of 2006 is approved by the voters in the November 2006 ballot.

Health Care Workforce Development: Appropriated \$5.7 million for the County's Health Care Workforce Development Program. These funds equal one half of the remaining State obligation under the 2000 extension of the County's 1115 Medicaid Waiver.

Methamphetamine Prevention Program: Appropriated \$10 million for the Methamphetamine Prevention Program. Funds would be used for education and outreach programs.

Trauma Care: Appropriated \$10 million in one-time funding for trauma care. This will fund expenditures after December 1, 2006. The appropriation will revert back to the General Fund if the Tobacco Tax Act of 2006 is approved by the voters in the November 2006 ballot.

West Nile Virus: Appropriated \$10 million of one-time funds for local vector control districts for West Nile Virus abatement.

Mental Health

AB 3632 Mandates and Funding: Appropriated \$118 million for the AB 3632 Program. This amount includes \$33 million to repay claims from FY 2004-05, \$33 million to repay claims from FY 2005-06, and \$52 million for costs incurred in FY 2006-07. Funds in the budget year would become available upon the approval of claims. Claims for FY 2007-08 would be dependent upon the approval of a Memorandum of Understanding (MOU) between counties and the State whereby a county agrees to provide specific program data.

The provisions of the MOU are expected to be developed later this year. This funding would be in addition to \$69 million from the Federal Individuals with Disabilities Act. It is not clear that the total amount of funding provided by the Conference Committee would be sufficient to reimburse counties for services provided in FY 2006-07. A county's recourse would be to seek additional mandate reimbursements in future years.

Proposition 36: Appropriated \$145 million for the continuation of the Substance Abuse Crime Prevention Act of 2000 consisting of two pots of money. The first pot contains \$120 million in ongoing current funding. The second pot, entitled the Proposition 36 Improvement Fund, has \$25 million which may require a county match and which will need accompanying Trailer Bill Language. The fate of related County-supported legislation, SB 803 (Ducheny) as amended June 6, 2006, which makes a series of Proposition 36 reforms, has not been determined. It is scheduled for hearing in the Assembly Public Safety Committee during the week of June 12, 2006, which may not be

necessary if it were to assume "trailer bill" status and addressed on the floor with the other budget bills.

Public Guardian Program: Rejected \$5 million for the Public Guardian Program.

Transportation

Repayment of Proposition 42 Loans: Appropriated \$660 million for repayment of FY 2004-05 Proposition 42 loans to be allocated to the State Transportation Improvement Program (\$245 million), local streets and roads (\$245 million), Public Transportation Account (\$122 million), and the Traffic Congestion Relief Plan (\$48 million). Funding for County local streets and roads was preserved. Of this amount, \$200 million is from spillover funds that would have otherwise gone to the General Fund.

Other

LA Cares Program: Adopted Trailer Bill Language extending the sunset date for three years. LA Cares provides training to enhance the skills of child care workers.

We will continue to keep you advised.

DEJ:GK
MAL:JF:IGR:cc

c: All Department Heads
Legislative Strategist
Local 660
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California Contract Cities Association
Independent Cities Association
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